

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-07 OMB-01 AGR-05 TRSE-00 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 NSC-05 SS-15 STR-04

CEA-01 INRE-00 SSO-00 NSCE-00 USIE-00 /077 R

DRAFTED BY ARA/CAR:DASTRASSER

APPROVED BY ARA:HWSHLAUDEMAN

ARA/ECP:RTAYLOR/LPETERS(DRAFT)

LA/DP:LSMUCKER(DRAFT)

EB:PBOEKER(DRAFT)

EB/OPF:ROGDEN(DRAFT)

FFP/FRD:CWEDEN(DRAFT)

OMB:CLANCASTER(DRAFT)

TREASURY:ESCHWARTZ(DRAFT)

USDA:GTUSSEY(DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY SANTO DOMINGO NIACT IMMEDIATE

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HOLD FOR AMBASSADOR FOR OPENING OF BUSINESS

E.O. 11652: N/A

TAGS:EFIN, EAID, DR

SUBJECT: PL 480 TITLE I OUTLOOK FOR THE DOMINICAN REPUBLIC

REF: SANTO DOMINGO 4229

1. IN RESPONSE TO YOUR QUESTION (REFTEL) AS TO WHAT THE  
CHANCES WOULD BE FOR THE GODR TO RECEIVE PL 480 TITLE I  
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FOR FY 1977 SHOULD IT CLEAR UP ITS PRESENT ARREARAGES ON

OLD TITLE I DEBTS, THE FOLLOWING GUIDANCE MAY BE HELPFUL,  
FOR YOUR MEETING WITH PRESIDENT BALAGUER.

2. AN ACTION MEMORANDUM LAYING OUT THE FY 1977 TITLE I ALLOCATIONS AS AGREED TO BY STATE/AID/USDA HAS ALREADY GONE TO THE SECRETARY. IT HAS NOT YET BEEN APPROVED AND THE TITLE I LEVELS IT CONTAINS REQUIRE FURTHER INTER-AGENCY CLEARANCE FOLLOWING APPROVAL. THE DOMINICAN REPUBLIC WAS NOT INCLUDED ON THE LIST OF PROPOSED RECIPIENTS. MOREOVER, THE PROPOSED 25 PER CENT ALLOCATION OF DOLS. 300 PLUS COUNTRIES HAS ALREADY BEEN FILLED AND WERE A PROGRAM FOR THE DOMINICAN REPUBLIC TO BE CONSIDERED, IT WOULD HAVE TO COMPETE WITH OTHER HIGH PRIORITY PROGRAMS IN THIS CATEGORY. IN ADDITION, SOME OF THE COMMODITIES PROPOSED REFTEL MIGHT PRESENT PROBLEMS FROM A USUAL MARKETING STANDPOINT. WHILE WE RECOGNIZE

SHORT TERM BALANCE OF PAYMENT PROBLEMS OUTLINED REFTEL, GODR'S DEBT SERVICE RATIO IS CONSIDERABLY BETTER THAN MOST PL 480 RECIPIENT COUNTRIES.

3. IN SHORT WE WOULD CONSIDER ON ITS MERITS A GODR PROPOSAL FOR MODEST AMOUNT OF TITLE I. BEAR IN MIND THAT NO PROPOSAL CAN EVEN BE CONSIDERED IF ARREARAGES OUTSTANDING ARE NOT PAID UP AND IF NO SYSTEM IS ESTABLISHED UNDER WHICH THE FINANCE SECRETARIAT COULD ROUTINELY MAKE PAYMENTS ON PL 480 AND OTHER CREDITS. THEREFORE PROSPECTS FOR TITLE I WHILE NOT NIL ARE CERTAINLY NOT GOOD. FURTHER, THE TITLE I REQUEST CAN ONLY BE CONSIDERED UPON RECEIPT OF COUNTRY TEAM COMMENTS AND RECOMMENDATIONS, INCLUDING SUPPORTING DATA.

4. YOU SHOULD IN ANY CASE URGE THE PRESIDENT TO ARRANGE FOR PAYMENT OF THE DOLS. 1.93 MILLION IN TITLE I DEBTS WHICH WAS DUE JUNE 30 BY SEPTEMBER 30 TO AVOID THE DOMINICAN REPUBLIC'S BEING CITED ON THE REQUIRED QUARTERLY REPORT TO CONGRESS OF COUNTRIES WITH ARREARAGES OF 90 DAYS OR MORE. WHILE PROSPECTS FOR TITLE I AGREEMENT ARE NOT GOOD, THIS MIGHT ALSO OPEN THE WAY FOR CCC CREDITS.

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5. PLEASE STRESS THE IMPORTANCE OF BALAGUER'S AUTHORIZING A PERMANENT SYSTEM UNDER WHICH GODR AUTHORITIES CAN KEEP CURRENT ON ITS PAYMENTS TO USG. WE CANNOT IN OUR RELATIONS WITH THE GODR BE PLACED IN THE POSITION OF NEGOTIATING NEW U.S. FAVORS TO BE EXTENDED IN RETURN FOR THE GODR MEETING ITS STANDING FINANCIAL OBLIGATIONS TO US. KISSINGER

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